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REVIEW OF THE IMPLEMENTATION OF COMMITMENTS AND OF OTHER PROVISIONS OF THE CONVENTION

FINANCIAL MECHANISM

Report of the Global Environment Facility to the Conference of the Parties at its fourth session

Note by the secretariat

1. The Conference of the Parties (COP), at its second session, by its decision 12/CP.2,[1] adopted and thereby brought into force a Memorandum of Understanding (MOU) between the COP and the Council of the Global Environment Facility (GEF) (FCCC/CP/1995/7/Add.1). The MOU provides, *inter alia*, that annual reports of the GEF are to be made available to the COP through the secretariat. The attached report has been submitted by the GEF secretariat in response to that provision.* The MOU further provides that, in accordance with Article 11.1 of the Convention, the COP will, after each of its sessions, communicate to the GEF any policy guidance approved by the COP concerning the financial mechanism.

2. In accordance with the guidelines for the review of the financial mechanism, the annual report of the GEF to the COP is to be considered in the ongoing review process of the financial mechanism as referred to in decisions 9/CP.1 and 11/CP.3 (FCCC/SBI/1997/6).

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[1] For the full texts of decisions adopted by the Conference of the Parties at its first, second and third sessions, see documents FCCC/CP/1995/7/Add.1, FCCC/CP/1996/15/Add.1 and FCCC/CP/1997/7/Add.1, respectively.

* The report is reproduced as submitted, and without formal editing.

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Global Environment Facility

August 26, 1998

[ORIGINAL: ENGLISH, FRENCH AND SPANISH]

Annex

REPORT OF THE GEF TO THE FOURTH SESSION OF THE CONFERENCE OF THE PARTIES TO THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

In order to make this document available through the electronic system of the UNFCCC secretariat, the attached text has been reformatted in Word Perfect 8. Every effort has been made to ensure conformity with the original text, as submitted.

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I. INTRODUCTION

1. The *Memorandum of Understanding between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Council of the Global Environment Facility* provides that the GEF will report to the Conference of the Parties on all GEF-financed activities carried out in implementing the Convention. In particular, paragraph 7 provides:

> In its reporting on GEF-financed activities under the financial mechanism, the GEF should include specific information on how it has applied the guidance and decisions of the COP in its work related to the Convention. This report should be of a substantive nature and incorporate the program of GEF activities in the areas covered by the Convention and an analysis of how the GEF, in its operations related to the Convention, has implemented the policies, program priorities, and eligibility criteria established by the COP. In particular, a synthesis of the different projects under implementation and a listing of the projects approved by the Council in the climate change focal area as well as a financial report with an indication of the financial resources required for those projects should be included. The Council should also report on its monitoring and evaluation activities concerning projects in the climate change focal area.

2. This report has been prepared for the fourth session of the Conference of the Parties to the UN Framework Convention on Climate Change. It covers the period from June 1, 1997 to June 30, 1998. This report describes GEF activities approved by the GEF Council during the reporting period in the area covered by the Convention and provides specific information on how the GEF has applied the guidance and decisions of the Conference of the Parties. A listing of reports previously provided by the GEF Council to the Conference of the Parties is included in Annex A.

II. HIGHLIGHTS OF GEF DECISIONS AND IMPORTANT EVENTS

A. GEF Council Meetings

3. The Council met twice during the reporting period: November 4 to 6, 1997, in Washington, D.C., and March 30 and 31, 1998, in New Delhi. During the reporting period, the Council approved five work programs[1], which include US$160 million of GEF funding for climate change activities.

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[1] In addition to the two work programs approved at the GEF Council meetings, three work programs were approved by the GEF Council through mail decisions in July and December 1997 and June 1998.

B. Second Replenishment of the GEF Trust Fund

4. On February 7, 1997, the GEF Council requested the World Bank, as the Trustee of the GEF Trust Fund, in cooperation with the CEO/Chairman of the GEF, to initiate the second replenishment of the GEF Trust Fund. On March 24, 1998, a US$2.75 billion replenishment of the GEF Trust Fund was successfully concluded. In conjunction with the replenishment, the Council also endorsed policy recommendations at its March 30-31, 1998 meeting[2].

C. First GEF Assembly

5. The first GEF Assembly was held in New Delhi from April 1 to 3, 1998. Approximately one thousand participants attended the Assembly, representing 119 of the GEF's participating governments, including one head of State and 40 ministers. Representatives of 16 international organizations and 185 non-governmental organizations also were among the participants. The Assembly provided an important opportunity for all GEF Participants to review the general policies of the Facility, and to review and evaluate the operation of the Facility. The Assembly had before it a number of reports on GEF's operations and policies, including the *Study of GEF's Overall Performance* (see section below on Monitoring and Evaluation).

6. The Assembly adopted *The New Delhi Statement of the First GEF Assembly* which is attached as Annex B. The statement affirms the significant role of the GEF in supporting the objectives of agreed global environmental conventions and protocols, such as the UN Framework Convention on Climate Change and the Kyoto Protocol.

D. Other Relevant GEF Activities

7. During the reporting period, the GEF has also undertaken the following activities in the area of climate change:

(a) Two new operational programs are being developed in the climate change area: one on transport and one on carbon sequestration. The operational program on transport is currently under preparation, and the Council will consider at its meeting in October 1998 draft elements for such a program. The operational program on carbon sequestration is in a very preliminary stage of preparation, and will take fully into account the work of the Convention on this issue.

(b) The GEF Scientific and Technical Advisory Panel (STAP) organized a one day brainstorming meeting on carbon sequestration in June 1998. The purpose of the meeting was to explore key issues relating to carbon sequestration, including the growing of biomass in which carbon is stored and the decarbonization of fossil fuels and the storage of the separated CO2. Another workshop on technology transfer and innovations in developing countries was held in January 1998. The discussion was focused on capacity building, private sector and research and development.

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[2] Report on the Second Replenishment of the GEF Trust Fund (GEF/C.11/6, Annex A), GEF Council Meeting, March 30-31, 1998.

(c) In accordance with the decision[3] of the Council, the GEF secretariat, in consultation with the Implementing Agencies and the secretariats of the Biodiversity and Climate Change Conventions, is undertaking work with a view to making the process of determining incremental costs more transparent and its application more pragmatic.

III. IMPLEMENTATION OF CONVENTION GUIDANCE

8. Guidance to the financial mechanism concerning policies, program priorities and eligibility criteria is contained in:

(a) Decision 11/CP.1 (FCCC/CP.1995/7/Add.1) *Initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism;*

(b) Decision 12/CP.1 (FCCC/CP/1995/7/Add.1) *Report of the Global Environment Facility to the Conference of the Parties on the development of an operational strategy and on initial activities in the area of climate change*; and

(c) Decision 11/CP.2 (FCCC/CP/1996/15/Add.1) *Guidance to the Global Environment Facility.*

9. *Preparation of national communications of non-Annex I Parties.* The GEF has reported in its previous reports to the Conference of the Parties (See Annex A) on steps it has taken to implement the guidance contained in Decision 11/CP.2 through its financing for enabling activities. During the reporting period, the CEO/Chairman approved national enabling activity projects covering 38 countries (see Table 4). To date, financing for enabling activities in 113 countries has been approved (see Annex C, FCCC/CP/1998/12/Add.1). All these projects have been developed with the full collaboration of the recipient country Parties, and all address to some extent the need to prepare national communications. In addition to Jordan and Argentina, which submitted their national communications during the previous reporting period, six more non-Annex I countries (Mexico, the Federated States of Micronesia, the Republic of Korea, Senegal, Uruguay and Zimbabwe) have submitted their initial national communications during this reporting period. Five of them were assisted through GEF enabling activities.

10. During the reporting period the Council approved a global project entitled, *National Communication Support Programme*. The activities of the project aim to improve the quality, comprehensiveness, and timeliness of the initial communications from non-Annex I Parties in accordance with the Convention guidance through: (i) the operation of a desk for climate change enabling activities, (ii) provision of additional technical assistance, and (iii) organization of a number of thematic and regional workshops. This project is expected to significantly enhance the capacity of non-Annex I Parties to prepare their initial national communications.

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[3] Joint Summary of the Chairs, GEF Council Meeting, November 4-6,1997, Decision on Agenda Item 13, *Other Business*.

11. Recently, the GEF secretariat requested the Implementing Agencies to ensure that GEF-funded enabling activities meet the cost of translation of the communication into an official language of the United Nations. The Implementing Agencies were also encouraged to meet the costs of translation of the national communication into English where that is not the UN language chosen by the Party concerned[4].

12. *Implementation of guidance in GEF operations in the climate change area.* The guidance provided by the Conference of the Parties at its first session to the GEF,

> "to adopt a mixed strategy wherein projects will be selected with a double set of program priorities as described in paragraph 9(c) of the (GEF) report, that is, if they meet either one of the long-term program priorities or one of the short-term program priorities." [5]

provided clear direction for the GEF as it developed its Operational Strategy. The GEF has financed climate change projects under both cost-effective and short-term response measures and under three Operational Programs[6] that address the long-term priorities of the Convention. As noted in paragraph 7, operational programs concerning transport and carbon sequestration are being developed. The short-term response measures are also an opportunity to develop projects with objectives that might serve as the basis for future long-term operational programs, consistent with the guidance of the Conference of the Parties.

13. The policies and program priorities identified in Decision 11/CP.1 are fully reflected in the GEF Operational Strategy and the three Operational Programs, and have been consistently followed in developing project activities.

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[4] Decision 10/CP.2 provides: "The communication may be submitted in one of the official languages of the United Nations. Non-Annex I Parties are also encouraged to submit, to the extent possible and where relevant, a translation of their communications into English".

[5] See FCCC/CP/1995/7/Add.1, decision 12/CP.1.

[6] Operational Programs in the area of climate change are: removing barriers to energy conservation and energy efficiency; promoting the adoption of renewable energy by removing barriers and reducing implementation costs; and, reducing the long-term costs of low greenhouse gas-emitting energy technologies.

IV. GEF MONITORING AND EVALUATION ACTIVITIES

14. In the reporting period, the GEF published three monitoring and evaluation reports: *Project Implementation Review 1997, Study of GEF's Overall Performance* and *Study of the GEF Project Lessons*. Copies of these documents are available to the fourth session of the Conference of the Parties. In 1999, the GEF monitoring and evaluation program will undertake an evaluation of enabling activities in the climate change area.

A. Project Implementation Review 1997

15. The 1997 project implementation review (PIR) covered 105 projects that had been under implementation for at least a year. A third of these projects addressed climate change. The Implementing Agencies rated 34 percent of the reviewed projects as "highly satisfactory" with regard to implementation progress or prospects for achieving global environmental objectives. 16 percent were rated "unsatisfactory" on at least one measure, slightly more than last year.[7]

16. The PIR reviews portfolio highlights and insights gained during the year in each focal area and other cross-cutting issues. In the area of climate change, a key insight resulting from this year's review is that the success of demand side management activities is strongly linked to effective public awareness and information campaigns. One of the main conclusions of the review was that the policy framework and enabling environment are extremely important for the successful adoption and replication of alternative energy and more energy-efficient products and technologies. [8]

17. Other conclusions of the review highlighted that:

(a) stakeholder involvement in projects is important to project success;

(b) strong commitment by recipient countries and organizations is a major determinant of project implementation success;

(c) projects that respond to national or local interests in addition to seeking global environmental benefits are much more likely to gain recipient country ownership and commitment; and

(d) one effective way of involving the private sector as partners in projects is through the provision of opportunities for direct interaction with government agencies on issues that affect them.[9]

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[7] Global Environment Facility, *Project Implementation Review, 1997*, (Washington, D.C.: March 1998, p.7-8).

[8] ibid., p. 12-13

[9] ibid., p. 17-23

18. The PIR lists several actions agreed upon at the time of the interagency PIR meeting.[10] For example, additional program guidance will be made available through publication of project specific case studies (see paragraph 21) and the focal area portfolio will be reviewed by GEF task force as input to the next PIR. The lessons of the PIR are also being internalized and addressed in other ways. As the 1997 PIR notes, the PIR process is becoming increasingly integrated with Implementing Agencies' internal procedures, and is also serving as the basis for broader portfolio management approaches. Project managers have been asked to consider issues raised in the PRI in the formulation of new projects. Several points made in the PIR are also being addressed in policy papers requested by the Council, including strategies for engaging the private sector and improving country level coordination.

B. Study of GEF's Overall Performance

19. This study was prepared to assist the Assembly in its review of the GEF. The study addresses a large number of issues related to the GEF's performance from 1994 through 1997. The study concludes that the GEF has generally performed effectively with regard to rapidly creating new institutional arrangements and approaches to programming its resources in the four focal areas. The GEF has also been relatively successful in leveraging cofinancing for GEF projects and has had some positive impacts on policies and programs in recipient countries. The study found that the GEF has strictly implemented the guidance of the conventions, with due regard for the GEF's own mandate and funding limitations and in a reasonably timely fashion. The study also notes that more needs to be done in several areas, including strengthening the focal point system, improving the process of calculating incremental costs, better planning for the financial sustainability of projects, shortening the project cycle, and raising awareness of the GEF and of global environmental issues. More information can be found on climate change projects in the Study of GEF's Overall Performance (page 35) and on climate change enabling activities (page 56).

20. The Council has requested the GEF secretariat, in consultation with the Implementing Agencies, to prepare for Council review and approval at its meeting in October 1998, an action plan for responding to the recommendations of the study.

C. Study of GEF Project Lessons and GEF Lessons Notes

21. *Study of GEF Project Lessons* synthesizes lessons learned to date from projects financed during the GEF's Pilot Phase. The study team analyzed 30 projects. Three lessons were identified by project managers and staff as important for project success:

(a) careful integration of project interventions with national policies and priorities is needed;

(b) considerable time and effort must be devoted to building partnerships; and

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[10] ibid., p.28

(c) innovative approaches are needed to ensure effective private sector involvement in a project's development and implementation.[11]

22. The GEF secretariat began publishing *GEF Lessons Notes* in March 1998. These notes are a means of disseminating lessons emerging from the implementation of GEF projects. *GEF Lessons Notes* are available on the GEF website (www.gefweb.org) and through the GEF secretariat.

V. PROJECT ACTIVITIES IN THE CLIMATE CHANGE AREA

23. In the reporting period, the following GEF financing was allocated for project activities in the climate change area:

Table 1: Project Financing in the Area of Climate Change June 1997 - June 1998

Type of activity	Number of activities	GEF financing (in US$ millions)	Co-financing (in US$ millions)
Project preparation	9	2.20	0.42
Enabling Activities	38	9.32	-
Investment/Technical Assistance Projects	17	147.82	1,023.81
Total	**64**	**159.34**	**1,024.23**

24. As indicated in the table, total project financing for climate change activities during the reporting period exceeded US$1.1 billion, of which GEF provided approximately $160 million in grant financing. Over US$1 billion was leveraged in co-financing for the project activities.

[11] *Study of GEF Project Lessons* (pages 1-2).

25. The table below shows project financing in the area of Climate Change for the years 1996 and 1997:

Table 2: Project Financing in the area of Climate Change for the years 1996 and 1997

Year	Type of Activities	Number of Activities	GEF Financing (in US$ million)	Co-financing (in US$ million)	Total (in US$ million)
1996	Project Preparation	3	1.30	1.10	2.39
	Enabling Activities	7	5.43	0.00	5.43
	Investment/technical assistance projects	15	174.79	868.44	1043.22
	TOTAL	**25**	**181.52**	**869.54**	**1051.04**
1997	Project Preparation	5	1.28	0.16	1.43
	Enabling Activities	32	8.51	0.00	8.51
	Investment/technical assistance projects	14	137.21	428.58	565.79
	TOTAL	**51**	**147.00**	**428.74**	**575.73**

26. Since the establishment of the pilot phase of the GEF, a total of US$ 5.2 billion has been allocated to climate change activities. Of this sum, US$776 million was provided in grants from the GEF Trust Fund. An additional US$4.4 billion was contributed through co-financing. A complete listing of GEF project activities in the climate change area is set forth in Annex C (see FCCC/CP/1998/12/Add.1).

27. Often, as a first step in project development, the GEF provides financing through its Project Preparation and Development Facility to assist recipient countries to develop a project concept into a project proposal. Table 2 shows GEF project preparation activities approved during the reporting period.

Table 3: Project Preparation
(June 1997 - June 1998)

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)	COFINANCING (IN US$ MILLIONS)
Brazil	Reducing the Long-term Costs of Solar Thermal Power Generation	0.33	
Ecuador	Removal of Barriers to Renewable Energy in Ecuador, Renewable Electrification of the Galapagos	0.28	
Malawi	National Sustainable and Renewable Energy Programme	0.07	0.03
Pakistan	Commercialization of Wind Power Production in Pakistan	0.35	
Panama	Removing Barriers to Wind Energy Development in Panama	0.34	
Russian Federation	Reduction of Coalbed Methane Emissions in the Kuznetsk Coal Basin	0.20	
Slovenia	Removing Barriers to Increasing the Use of Biomass as an Energy Source in Slovenia	0.10	0.04
South Africa	Catalyzing an Energy-efficient Lighting Market	0.23	
Vietnam	Geothermal Power Plant	0.30	0.35
Total		**2.20**	**0.42**

28. The following enabling activities covering 38 non-Annex I countries have been approved by the CEO/Chairman of the GEF during the period from June 1997 to June 1998 using expedited procedures:

Table 4: Enabling Activities (June 1997 - June 1998)

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)
Algeria	Enabling Algeria to prepare its First National Communication	0.20
Antigua and Barbuda	Enabling Antigua and Barbuda to prepare its First National Communication	0.16
Azerbaijan	Enabling Azerbaijan to prepare its First National Communication	0.33
Bahamas, The	Enabling The Bahamas to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.19
Bahrain	Enabling Activities for the preparation of initial national communication to the UNFCCC	0.34
Barbados	Enabling Activities for the preparation of initial national communication to the UNFCCC	0.19
Belize	Enabling Belize to prepare its First National Communication to the UNFCCC	0.19
Cameroon	Enabling Activity for the preparation of First National Communication	0.27
Central African Republic	Enabling Activity for the Preparation of the Initial National Communication Related to the UN Framework Convention on Climate Change	0.35
Côte d'Ivoire	Enabling Activities for the Preparation of Initial National Communication Related to UN Framework Convention on Climate Change.	0.33
Croatia	Enabling Croatia to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.35
Dominica	Enabling The Commonwealth of Dominica to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.17
Ghana	Preparation of Initial National Communication for the Implementation of the UN Framework Convention on Climate Change	0.10
Guyana	Enabling Guyana to Prepare its First National	0.20

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)
	Communication in Response to Its Commitments to the UNFCCC	
Haiti	Enabling Activities for the Preparation of Initial National Communication Related to the UNFCCC	0.35
Indonesia	Indonesia Enabling Activity to Prepare its First National Communication of Indonesia to the UNFCCC	0.23
Jamaica	Enabling Jamaica to Prepare its Initial National Communication in response to its Commitments to the UNFCCC	0.23
Mali	Preparation of the First National Communication in response to the Provisions of the UNFCCC	0.10
Mauritania	Enabling Activity for the Preparation of the Initial National Communication Related to the UN Framework Convention on Climate Change	0.35
Mauritius	Enabling Activities for the Preparation of Initial National Communication related to UN Framework Convention on Climate Change (UNFCCC)	0.14
Moldova	Enabling Moldova to Prepare its First National Communication in Response in its Commitments to the UNFCCC	0.33
Mozambique	Enabling Mozambique to prepare its First National Communication to the UNFCCC	0.22
Nepal	Enabling Activities for the Preparation of Initial National Communication related to the United Nations Framework Convention on Climate Change (UNFCCC)	0.31
Nicaragua	Enabling Nicaragua to Prepare its Initial National Communication in Response to its Commitments to the UNFCCC	0.30
Niger	Enabling Niger to Prepare its Initial National Communication to the UNFCCC	0.35
Niue	Enabling Activities for the Preparation of Initial National Communication related to the United Nations Framework Convention on Climate Change (UNFCCC)	0.30
Panama	Enabling Panama to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.30

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)
Peru	Enabling Peru to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.20
Philippines	Enabling the Philippines to Prepare a National Communication Program in Response to its Commitments to the United Nations Framework Convention on Climate Change (UNFCCC)	0.16
Senegal	Preparation of the First National Communication in response to the provisions of the UNFCCC	0.07
Slovenia	Enabling Slovenia to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.35
South Africa	Enabling Activities for the Preparation of Initial National Communication Related to UN Framework Convention on Climate Change	0.32
St. Kitts and Nevis	Enabling St. Kitts and Nevis to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.16
St. Lucia	Enabling Saint Lucia to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.17
St. Vincent and Grenadines	Enabling St. Vincent and the Grenadines to Prepare its First National Communications in Response to its Commitments to the UNFCCC	0.35
Tanzania	Enabling Activities for the Preparation of Initial National Communication Related to UN Framework Convention on Climate Change (UNFCCC)	0.25
Thailand	Enabling Thailand to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.19
Trinidad and Tobago	Enabling Trinidad and Tobago to Prepare its First National Communication in Response to its Commitments to the UNFCCC	0.22
Total		**9.32**

29. The table below lists the climate change investment and technical assistance projects approved by the GEF Council during the reporting period. The list includes three projects to be implemented in collaboration with Annex I countries (Czech Republic, Hungary, Latvia and Ukraine).

Table 5: Investment/Technical Assistance Projects (June 1997-June 1998)

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)	TOTAL FINANCING (IN US$ MILLIONS)
Global	National Communications Support Programme	2.16	1.10
Multi-Country (Argentina, Czech Republic, Hungary, Latvia, Peru, Philippines, South Africa)	Efficient Lighting Initiative	15.20	35.00
Argentina	Renewable Energy Based Rural Markets Project	13.52	212.20
Brazil	Energy Efficiency Project	20.00	180.00
Cape Verde	Energy and Water Sector Reform and Development	4.93	55.07
China	Barrier Removal for the Widespread Commercialization of Energy-Efficient CFC-Free Refrigerators in China	9.86	31.28
China	Renewable Energy Development	35.73	372.27
Hungary	Renewable Energy and Regional Development Project	5.80	54.20
India	Coal Bed Methane Recovery and Commercial Utilization	9.12	9.83
India	Energy Efficiency	5.00	32.00
Kenya	Removal of Barriers to Energy Conservation and Energy Efficiency in Small and Medium Scale Enterprises	3.19	5.45
Lao People's Democratic Republic	Off-Grid Electrification Pilot Demonstration, a component of the Laos Southern Provinces Rural Electrification	0.74	1.37
Malaysia	Industrial Energy Efficiency Improvement	7.30	12.62

COUNTRY	PROJECT NAME	GEF FINANCING (IN US$ MILLIONS)	TOTAL FINANCING (IN US$ MILLIONS)
Peru	Photovoltaic-Based Rural Electrification in Peru	3.96	5.22
Tunisia	Experimental Validation of Building Codes and Removal of Barriers to their Adoption	4.36	3.77
Tunisia	Barrier Removal to Encourage and Secure Market Transformation and Labeling or Refrigerators	0.75	1.23
Ukraine	Coalbed Methane Recovery	6.20	11.20
Total		**147.82**	**1023.81**

VI. SUMMARY

30. During the present reporting period, the GEF concluded a replenishment of US$2.75 billion of the GEF Trust Fund. 64 new project activities were approved, including 38 new national enabling activity projects. The first Assembly of the GEF was convened, and a number of evaluation reports were prepared for the Assembly's consideration. The Assembly affirmed the significant role of the GEF in supporting the objectives of global environmental conventions and protocols.

31. With its new replenishment and consistent with the *New Delhi Statement of the First GEF Assembly*, the GEF will continue to develop activities in the climate change area consistent with the guidance of the Convention. In so doing, it will apply lessons learned to date from its on-going activities with a view to further improving its effectiveness and performance in implementing the Convention's guidance.

Annex A

LIST OF REPORTS PREVIOUSLY SUBMITTED BY THE GEF COUNCIL TO THE CONFERENCE OF THE PARTIES TO THE UNFCCC

Report of the Global Environment Facility to the Intergovernmental Negotiating Committee for a Framework Convention on Climate Change on the Restructured Global Environment Facility (A/AC.237/89, December 14, 1994)

Report of the Global Environment Facility to the Conference of the Parties on the Development of an operational strategy and on initial activities in the field of climate change (FCCC/CP/1995/4, March 10, 1995)

Report of the Global Environment Facility to the Second Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1996/8, June 27, 1996)

Report of the Global Environment Facility to the Third Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (FCCC/CP/1997/3, October 31, 1997)

Annex B

THE NEW DELHI STATEMENT OF THE FIRST GEF ASSEMBLY
April 3, 1998

The Assembly of the Global Environment Facility,

Having met for the first time in New Delhi from April 1-3, 1998,

Expressing its utmost appreciation to the Government and people of India for hosting the Assembly and for their generosity, hospitality and the excellent arrangements made available to all Participants,

Taking note of the views expressed by Representatives of GEF Participant states at this Assembly,

Recognizing that the GEF is the multilateral funding mechanism dedicated to promoting global environmental protection within a framework of sustainable development by providing new and additional grant and concessional funding.

Recognizing also that its beneficiaries are all people of the globe, and that the need for the GEF is even greater as we enter the new millennium given the state of the global environment and of underdevelopment,

Stressing that the GEF is a unique and successful example of international cooperation that offers lessons for other endeavors,

Affirming the significant role of the GEF in supporting the objectives of agreed global environmental conventions and protocols, such as the Convention on Biological Diversity, the UN Framework Convention on Climate Change and the Kyoto Protocol, the Vienna Convention and the Montreal Protocol on Substances that Deplete the Ozone Layer, and the UN Convention to Combat Desertification.

Acknowledging the significant progress that has been made by the GEF, its Implementing Agencies (UNDP, UNEP and the World Bank), and the Secretariat, in the four years since its restructuring in its organization and management, in establishing its institutional and operational framework, and in supporting developing countries and countries with economies in transition in their efforts for global environmental improvements and in implementing the Rio conventions,

Acknowledging further the excellent work of the Scientific and Technical Advisory Panel (STAP) in providing strategic advice and in reviewing projects,

Welcoming the Second Replenishment of the GEF Trust Fund of $2.75 billion which will enable the GEF to continue its successful efforts to promote global environmental goals and sustainable development,

Taking note of Council's decisions and drawing, as appropriate, upon analyses and recommendations from the *Study of GEF's Overall Performance*, the *Study of GEF Project Lessons*, the *GEF Project Implementation Review*, and the *CEO's Report on the Policies, Operations and Future Development of the GEF*,

Agrees that for the GEF to meet its deepening potential and fulfill its multiple missions:

1. GEF should remain a facility at the cutting edge, innovative, flexible and responsive to the needs of its recipient countries, as well as a catalyst for other institutions and efforts.

2. GEF activities should be country-driven and efforts should be strengthened to achieve country ownership of GEF projects. To achieve this,

(a) GEF activities should be based on national priorities designed to support sustainable development and the global environment,

(b) GEF should develop and implement a strategy for greater outreach and communication which targets GEF's multiple constituencies, with a view to enhancing global awareness of the global environment and the GEF, and should increase consultations with non-governmental organizations (NGOs) and local communities concerning GEF activities,

(c) GEF should develop and implement an action plan to strengthen country-level coordination and to promote genuine country ownership of GEF-financed activities, including the active involvement of local and regional experts and community groups in project design and implementation.

3. GEF should increase efforts towards ensuring the sustainability of the global environment benefits generated by GEF-financing and should act as a catalyst to bring about longer-term coordinated efforts with other funders for capacity building and training.

4. GEF should streamline its project cycle with a view to making project preparation simpler, transparent and more nationally-driven.

5. GEF should undertake longer-term planning and multi-year support programs with a view to maximizing global environmental benefits.

6. While recognizing the importance of the principle of incremental costs for the GEF, its definition should be made more understandable. GEF should make the process of determining incremental costs more transparent and its application more pragmatic.

7. GEF should be a learning entity and should strengthen its monitoring and evaluation functions and increase efforts to disseminate lessons learned from its experience in implementing its portfolio of projects and to stimulate the transfer and adoption of new technologies by recipient countries.

8. In consultation with the Secretariat of the UN Convention to Combat Desertification, GEF should seek to better define the linkages between land degradation, particularly desertification and deforestation, and its focal areas and to increase GEF support for land degradation activities as they relate to the GEF focal areas.

9. GEF Implementing Agencies should promote measures to achieve global environmental benefits within the context of their regular programs and consistent with the global environmental conventions while respecting the authority of the governing bodies of the Implementing Agencies.

10. GEF should build strong relationships and networks with the global scientific community, especially with national scientists and scientific institutions in recipient countries.

11. GEF should promote greater coordination and co-financing of its activities from other sources, including bilateral funding organizations, and should expand opportunities for execution of activities by those entities referred to in paragraph 28 of the Instrument, in particular the Regional Development Banks and non-governmental organizations (NGOs).

12. GEF should strive to mobilize additional resources from both public and private sources. The GEF, as a platform for technological change, should also explore new opportunities for private sector partnerships as well as private-public joint ventures.